

Pakistan Equity | Strategy

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REP-057

Record Corporate profitability in FY24

Earnings up 25% YoY; Dividend Up 30% in FY24



Best Brokerage House
2016, 2017, FY20 (Winner)
FY22 (Runner Up)

ASIAMONEY

Best Local Brokerage House
Brokers Poll 2016 to 2023



Best Brokerage House
2018, 2019 & 2020



Best Research House
2019, 2020 & 2023



Best Brokerage House
2021

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Banks, Fertilizers and Cement Sector posted highest growth

Sector wise profits and growth in FY24 (Rsmn)							
Sectors	4QFY24	4QFY23	YoY	QoQ	FY24	FY23	YoY
Banks	133,088	128,579	4%	-10%	591,243	436,676	35%
E&Ps	88,623	103,054	-14%	-13%	439,340	415,238	6%
Fertilizer	41,212	21,264	94%	-8%	167,839	96,079	75%
Power	26,464	27,577	-4%	14%	92,610	75,268	23%
Cements	23,630	6,745	250%	-16%	114,630	83,165	38%
Foods	15,822	13,303	19%	3%	53,602	53,041	1%
Automobile	10,495	7,502	40%	23%	34,223	17,626	94%
OMCs	5,724	8,487	-33%	-26%	35,778	17,741	102%
Chemicals	3,796	(2,523)	NM	31%	20,140	32,514	-38%
Textile	3,464	798	334%	38%	12,170	9,736	25%
Pharmaceuticals	2,830	(454)	NM	-13%	10,118	5,914	71%
Engineering	1,844	5,360	-66%	230%	8,517	11,609	-27%
Technology	(1,705)	(978)	NM	NM	(5,762)	(2,086)	NM
Refinery	(5,237)	4,571	NM	NM	9,415	12,577	-25%
Others	17,152	15,561	10%	10%	74,075	58,699	26%
Total	367,201	338,846	8%	-9%	1,657,938	1,323,796	25%

Source: Company Accounts, PSX, Topline Research

- KSE 100 index companies posted highest ever earnings of Rs1.7trn up 25% YoY in FY24 vs Rs1.3trn in FY23. In US\$ terms, PAT increased 10% YoY to US\$5.8bn in FY24.
- This growth in earnings is majorly contributed to by Banking sector (+35% YoY), Fertilizer sector (+75% YoY), and Cements (+38%) in FY24.
- Banking sector's earnings increased by 35% YoY to Rs591bn (36% of the total KSE-100 index profitability) in FY24, primarily driven by higher Net Interest Income (NII) amid higher interest rates.
- Similarly profitability of the fertilizer sector increased by 75% YoY to Rs168bn (10% of total KSE-100 index profitability) in FY24, amid higher Urea and DAP offtake by 2% and 40% along increased Urea and DAP prices by 59% and 9%, respectively.
- Cement sector's earnings surged to Rs115bn up 38% YoY in FY24 mainly due to higher retention prices along with lower coal cost despite lower local offtake.
- Other sectors like Chemicals, Engineering, Refinery, and recorded decline in earnings during FY24 with profitability decline of 38% YoY, 27% YoY, and 25% YoY, respectively. Technology sector reported loss of Rs5.7bn in FY24 primarily led by losses of Pakistan Telecommunication Company (PTC).
- Pharmaceutical sector witnessed a 71% YoY growth in profitability to Rs10bn, compared to Rs6bn in FY23, primarily due to an improvement in margins following the deregulation of non-essential products and a decline in finance costs.
- In 4QFY24, profitability of KSE 100 companies increased by 8% YoY to Rs367bn in 4QFY24.
- For our analysis, we have taken 86 companies out of the total 100 companies (that have announced their results), which represents 95% of KSE-100 market capitalization. We estimate that adding remaining companies of Index would not materially impact profitability growth trend.

E&Ps & Banks payout improved in FY24

Sector wise dividend in FY24 (Rsmn)							
Sectors	4QFY24	4QFY23	YoY	QoQ	FY24	FY23	YoY
Banks	69,224	66,699	4%	8%	278,940	184,224	51%
E&Ps	61,752	40,678	52%	445%	117,681	85,894	37%
Fertilizer	26,796	12,762	110%	14%	89,639	76,309	17%
Foods	19,882	13,429	48%	957%	35,390	25,253	40%
Power	17,917	19,326	-7%	282%	40,292	57,245	-30%
Cements	14,667	9,434	55%	310%	26,826	18,670	44%
OMCs	6,872	5,387	28%	NM	9,186	7,585	21%
Automobile	3,866	5,683	-32%	45%	14,459	10,331	40%
Chemicals	3,048	4,411	-31%	303%	10,994	16,845	-35%
Engineering	1,767	3,151	-44%	NM	3,118	4,456	-30%
Refinery	1,333	1,333	0%	NM	1,599	1,333	20%
Technology	415	-	NM	0%	2,993	1,456	105%
Pharmaceuticals	-	-	NM	NM	2,290	1,398	64%
Textile	-	-	NM	NM	-	-	NM
Others	10,092	3,920	157%	-4%	32,119	21,499	49%
Total	237,629	186,213	27.6%	92%	665,525	512,497	30%

Source: Company Accounts, PSX, Topline Research

- KSE 100 index companies announced cash dividend of Rs666bn (+30% YoY) in FY24 compared to Rs512bn in FY23.
- This translates into 40% dividend payout in FY24 vs. 39% last year in FY23.
- Payout ratio of the E&Ps sector increased to 27% in FY24, compared to 21% in FY23, following an improvement in cash recovery of companies due to the increase in gas prices. Banking sector's payout ratio also rose from 42% in FY23 to 47% in FY24, amid record profitability.
- Banking sector remained the largest contributor with dividend announced of Rs278bn in FY24 followed by E&Ps (Rs118bn), and Fertilizers (Rs90bn).
- **Banks:** United Bank (UBL) remained the largest contributor in banking sector with contribution of Rs54bn followed by Meezan Bank (MEBL) of Rs48bn and MCB Bank (MCB) of Rs41bn.
- **E&Ps:** Within E&Ps sectors, Oil & Gas Development Company (OGDC) announced dividend of Rs43bn, followed by Pakistan Oil Fields (POL) of Rs27bn, Mari Petroleum (MARI) of Rs31bn and Pakistan Petroleum (PPL) of Rs16bn.
- **Fertilizer:** In fertilizer space, Engro Fertilizers (EFERT) remained the largest contributor of Rs33bn followed by Fauji Fertilizer (FFC) of Rs30bn, Engro Corporation (ENGRO) of Rs13bn, Fatima Fertilizer (FATIMA) of Rs11.5bn and Fauji Fertilizer Bin Qasim (FFBL) of Rs1.3bn.
- **Power:** Hub Power (HUBC) announced cash dividend of Rs26bn followed by Kot Addu Power (KAPCO) of Rs7.5bn FY24.
- **Food & Personal Care:** Colgate-Palmolive (COLG) remained the largest contributor of Rs14bn followed by Nestle Pakistan (NESTLE) declared dividend of Rs8.3bn. Unilever Pakistan (UPFL) also announced the dividend of Rs7bn in FY24.
- **Chemical:** Lucky Core Industries (LCI) declared a dividend of Rs5.5bn followed by Engro Polymer (EPCL) of Rs3bn and Lotte Chemical (LOTCEM) of Rs2.3bn.

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